



August 5, 2022

The Honorable Jerome Powell
Chairman, Board of Governors of the Federal Reserve System
Attention: Ann E. Misback, Secretary
20th Street and Constitution Avenue NW
Washington, DC 20551
RE: Community Reinvestment Act, Notice of Proposed Rulemaking, Docket
Number R-1769, RIN 7100-AG29

The Honorable Michael Hsu
Comptroller, Office of the Comptroller of the Currency
Attention: Comment Processing, Chief Counsel's Office
400 7th Street SW, Suite 3E-218
Washington, DC 20219
RE: OCC Docket ID OCC-2022-0002

The Honorable Martin Gruenberg
Acting Chair, Federal Deposit Insurance Corporation
Attention: James P. Sheesley, Assistant Executive Secretary
550 17th Street NW
Washington, DC 20429
Attention: Comments RIN 3064-AF81

Dear Chairman Powell, Comptroller Hsu and Acting Chair Gruenberg:

On behalf of Eden Housing, I am writing to express appreciation for the thoughtful, deliberative, and inclusive approach to modernizing the Community Reinvestment Act (CRA) regulations being led by the Federal Reserve, Office of the Comptroller of the Currency (OCC), and Federal Deposit Insurance Corporation (FDIC).

The CRA is a critical tool for meeting the credit needs of lower-income communities and communities of color—and for building and preserving much-needed affordable housing for low- and moderate-income households across the country. For decades, this program has encouraged financial institutions to lend on preferred terms to affordable housing providers and, just as importantly, to invest in the Low Income Housing Tax Credit, which finances virtually all new affordable rental housing in states like California.



Eden Housing, as one of California's oldest non-profit affordable housing providers, has relied on the CRA and other inclusive investment programs to partner with communities throughout the state to develop, acquire, and preserve more than 10,000 affordable apartments—providing homes to 22,000 low-income Californians.

We recognize that the CRA must evolve to reflect the current financial services landscape—and to ensure this vital act addresses ongoing inequities in credit access in low-income communities and communities of color. We understand the complex nature of the regulatory changes involved. While we believe some elements of the Notice of Proposed Rulemaking (NPR) will strengthen Housing Credit investment, we are concerned that on balance the NPR will reduce the incentive that CRA currently provides to invest in affordable housing, at a time when it is needed most.

To that end, Eden supports the comments made by our partner organizations, who have articulated in detail how the Federal Reserve should consider navigating these issues. We refer you in this case to letters submitted by the Non-Profit Housing Association of Northern California, National Housing Conference, Housing Partnership Network, Affordable Housing Tax Credit Coalition, California Reinvestment Coalition, and California Housing Partnership Corporation.

From Eden's perspective, we would like to highlight two essential outcomes of a successful CRA modernization effort:

- **Maintain the separate investment test:** In Eden's decades of experience building affordable housing, we have seen up close the distinct roles lending and investing play in community development. We are concerned by the NPR's proposal to combine CRA tests for these unique types of financial support, especially if it means disfavoring investments in the Low Income Housing Tax Credit, which can be complex and expensive for banks to administer (and could therefore lead to a lower rate of return).

We encourage the Federal Reserve, OCC, and FDIC to continue to explore options for examining lending and investing separately—and to publish this data—so communities can track how their local financial institutions are performing on both metrics.

- **Expand focus on addressing inequities:** The CRA's purpose from its inception has been to address systemic inequities in credit access for people and communities of color. Eden values racially and



economically diverse communities because they are essential to our collective success, and we strongly encourage the agencies to make full use of their authority to collect data on race and ethnicity and use them in CRA exams the same way they currently evaluate how well a bank serves Low-to-Moderate Income communities. We believe this is the only way for the CRA to help close disparities between racial and ethnic groups—and to reduce and ultimately eliminate the ongoing effects of racist, exclusionary land use policy and housing discrimination.

Thank you for your consideration and your efforts to improve access to affordable housing across the nation. If you have any questions, please contact me at lmandolini@edenhousing.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Linda Mandolini".

Linda Mandolini, President, Eden Housing